

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF:

**JOHN JULIUS PACIOREK
(CRD#2609410)**

File Number: 1600134

TEMPORARY ORDER OF SUSPENSION

TO RESPONDENT(S): John Julius Paciorek (CRD#2609410)
 838 Verona Ridge Drive
 Aurora, IL 60506-6502

High Five, LLC
Matthew P. McLaughlin, R/A
One Jackson Place, 188 East Capitol Street, Suite 1400
Jackson, MS 39201

CC: Allstate Financial Services, LLC (CRD #18272)
111 S Lincolnway, Ste E
North Aurora, IL 60542-5118

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, Callhan F. Garrett, Esq., who has been fully advised in the premises by the staff of the Securities Department, Office of the Secretary of State, herein find:

FAILURE TO DISCLOSE CUSTOMER COMPLAINT

1. **John Julius Paciorek** ("Respondent Paciorek") is an individual with the last known address of 838 Verona Ridge Drive, Aurora, IL 60506.
2. **High Five, LLC** ("High Five") is a Mississippi registered limited liability company registered October 6, 2008 to present with its principal place of business at 838 Verona Ridge Drive, Aurora, IL 60506. Respondent Paciorek is its Manager and President.
3. "MH" was a client of Respondent Paciorek starting on or around 2004, and Respondent Paciorek acted as MH's financial advisor.
4. "AH" was a client of Respondent Paciorek starting on or about October 2005, and Respondent Paciorek acted as AH's financial advisor.

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5. American Pension Services ("APS") was a custodial account Respondent Paciorek recommended his clients, MH and AH use.
6. At all relevant times, Respondent Paciorek was employed as follows:
 - a. A registered representative with World Group Securities (CRD #114473) (now Transamerica Financial Advisors, Inc. (CRD #16164)) from April 12, 2002 to June 12, 2007, when he was terminated for his failure to pay E&O;
 - b. Unemployed from April 13, 2008 to November 20, 2008;
 - c. A registered representative with Country Capital Management Company (CRD #12060) from November 21, 2008 to January 15, 2009; and
 - d. Is currently a registered representative with Allstate Financial Services, LLC (CRD #18272) from January 30, 2009 to present.
7. In the summer of 2008, Respondent Paciorek approached MH and AH about giving High Five, the entity Respondent Paciorek served as a Manager and as President, a business loan for real estate investments.
8. On October 6, 2008, AH's 401K contract with Prudential in the amount of \$173,832.27 was fully surrendered to APS for AH's benefit; on October 27, 2008, MH's 401K contract with Prudential in the amount of \$226,608.99 was fully surrendered to APS for MH's benefit.
9. Soon after, MH and AH's funds with APS were transferred to High Five, LLC, in which Respondent Paciorek served as the Manager and President, for a business loan.
10. Consequently on or around October 2015, Respondent Paciorek received a demand letter that was sent via certified mail from AH and MH's attorney stating Respondent Paciorek violated FINRA's rule against borrowing from and lending to customers and breached his fiduciary duty. This letter informed Responded Paciorek of:
 - a. MH and AH's customer complaint;
 - b. A demand for a return of their investment ("\$441,203 less \$48,000 in principal reduction, plus 3% interest calculated from the annuity transfer dates to payment"); and
 - c. A notice of MH and AH's intent to sue if not settled.
11. As of August 9, 2016, Respondent Paciorek has not disclosed AH or MH's customer complaint on his U4 statement.
12. Respondent Paciorek on questions 14I(3)(a) marked answer "no" when asked, "Within the past twenty four (24) months, have you been the subject of an investment-related, consumer-initiated, written complaint [that] alleged that you were involved in one or

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more sales practice violations and contained a claim for compensatory damages of \$5,000 or more."

13. Thus, Respondent Paciorek has not disclosed the customer complaint from AH or MH in his most recently filed U4.
14. Section 8.B(11) of the Act requires any change which renders no longer accurate any information contained in any application for registration of a dealer shall be reported to the Secretary of State within 10 business days after the occurrence of such change.
15. Section 12.E of the Act provides it shall be a violation of the provisions of this Act to make, or cause to be made, in any application, report or document filed under this Act or any rule of regulation made by the Secretary of State pursuant to this Act, any statement which was false or misleading with respect to any material fact.
16. Section 12.H of the Act provides it is a violation to sign or circulate any statement or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material misrepresentation therein is false or untrue.
17. That by virtue of the foregoing, Respondent Paciorek's registration as a registered representative is subject to suspension pursuant to Section 8.E(1)(g) of the Act.

FAILURE TO FILE OR PAY TAX RETURNS TO THE ILLINOIS DEPARTMENT OF REVENUE

18. Respondent Paciorek, a registered representative in Illinois, has failed to pay a tax return to the Illinois Department of Revenue (IL DOR) in the amount of \$2,520 for the period of December 31, 2015.
19. Respondent Paciorek additionally has failed to pay an outstanding tax lien to the IRS entered August 26, 2015 in the amount of \$115,255.06.
20. Section 8.E(1)(o) of the Act provides, *inter alia*, that the registration of a broker or salesperson may be suspended if the Secretary of State finds that such broker or salesperson has failed to file a return, or to pay the tax, penalty or interest shown in a filed return, or to pay any final assessment of tax, penalty or interest, as required by any tax Act administered by the Illinois Department of Revenue, until such time as the requirements of that tax Act are satisfied.
21. By virtue of the foregoing, Respondent's registration as a registered representative is subject to a suspension pursuant to Section 8.E(1)(o) of the Act.

SUSPENSION

22. Section 11.F(2) of the Act provides, *inter alia*, that the Secretary of State may temporarily suspend the business of rendering investment advice, and temporarily

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prohibit the offer or sale of securities by any person, without notice and prior hearing, if the Secretary of State shall deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors that will occur as a result of prior violations of the Act.

23. The entry of this **Order** temporarily suspending **Respondent John Julius Paciorek** from:

- a. offering and selling securities in or from the State of Illinois, and;
- b. engaging in the business of an investment advisor representative;

is in the public interest and for the protection of the investing public.

24. The aforementioned findings are based upon credible evidence.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act,

- 1. **Respondent John Julius Paciorek is TEMPORARILY SUSPENDED** from offering or selling securities in or from the State of Illinois for a period of ninety (90) days; and
- 2. **Respondent John Julius Paciorek is TEMPORARILY SUSPENDED** from engaging in the business of rendering investment advice in or from the State of Illinois for a period of ninety (90) days; and

NOTICE is hereby given that Respondent may request a hearing on this matter by transmitting such request in writing to:

Callhan F. Garrett
Enforcement Attorney
Illinois Securities Department
Office of the Secretary of State
69 West Washington Street, Suite 1220
Chicago, Illinois 60602
Email: CGarrett@ILSOS.net

Such request must be made within thirty (30) **calendar days** of the date of entry of the **Temporary Order of Suspension**. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order of Prohibition.

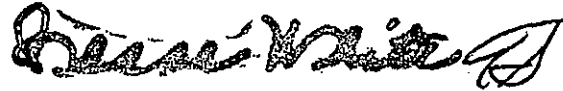
FAILURE OF ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED

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HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated this 12th day of August 2016.

A handwritten signature in dark ink, appearing to read "Jesse White", with a stylized flourish at the end.

JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:

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Enforcement Attorney
Illinois Securities Department
Office of the Secretary of State
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